

October 29, 2014 (/full-blog/2014/10/29/beer)

A Different Kind of Green: Economics in the Environmental Debate Over Oregon's Coal Export Terminal (/full-blog/2014/10/29/beer)

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In August 2014, environmentalists on the western Pacific coast celebrated a “green” victory, as Oregon denied the Australian-based oil and coal company Ambre Energy's permit application for a coal export terminal, the Morrow Pacific project.[i] Through this operation, Ambre Energy proposed to transport millions of tons of coal, from states such as Wyoming and Montana, down the Columbia River, where it would then be loaded onto ocean vessels and exported to other countries, primarily Asian markets.[ii]



([HTTP://COLUMBIARIVERKEEPER.ORG/WP-CONTENT/UPLOADS/2011/10/WESTCOAST-COAL-TERMINAL-ISTOCKPHOTO.JPG](http://columbiariverkeeper.org/wp-content/uploads/2011/10/WESTCOAST-COAL-TERMINAL-ISTOCKPHOTO.JPG))

The most obvious reason for the state's denial of this permit stemmed from environmental concerns, primarily protection of the tribal fisheries at the Port of Morrow.^[iii] However, those involved in this debate need to consider another underlying issue. In addition to making environmental arguments regarding the denial of this permit, the economic concerns behind coal exportation are also important to consider. The decreasing global demands for coal^[iv] and the increase in other energy-producing technologies, such as fracking^[v], have significant consequences regarding the economics of coal exportation. On the other hand, states involved in this proposal, particularly Wyoming, have vast economic incentives due to an increased ability to compete in the global marketplace.^[vi]

The global demand for U.S. coal has decreased since 2012, and there are estimates that this demand will only continue to decrease.^[vii] Countries, particularly those in Asia, are now turning to greener energy alternatives, whereby decreasing the demand for fossil fuel imports from the United States. ^[viii] For example, China is enforcing a government mandate to reduce "thermal coal imports this year," focusing instead on the country's hydropower output technologies.^[ix] This is important to consider, specifically when Ambre Energy's targeted markets for this terminal are primarily those in Asia. However, on the other hand, despite the current decrease in global coal demand, the Port Morrow Project would create a much-needed increase in infrastructure and jobs, with an estimated 3,100 jobs.^[x]

While environmental concerns will continue to carry Oregon's arguments against Ambre Energy's proposed coal export terminal, economic concerns might find their way into the debate. Wyoming has recently appealed the denial of this permit application due to economic issues and a potential Commerce Clause violation.^[xi] However, Oregon dismissed this appeal due to a lack of standing, claiming that Wyoming was unable to prove any adverse affect from this denial.^[xii] Although Wyoming was unable to succeed on this appeal, the debate over the proposed coal export terminal in Oregon has simply just begun, and as such, economic concerns may soon take on a more prominent role in this discussion.

[i] Rob Davis, *Oregon Department of State Lands Rejects Ambre Energy Coal Export Permit*, Oregon Live (Aug. 18, 2014, 4:08 PM),

http://www.oregonlive.com/environment/index.ssf/2014/08/oregon_department_of_state_lan_1.html

(http://www.oregonlive.com/environment/index.ssf/2014/08/oregon_department_of_state_lan_1.html).

[ii] *Morrow Pacific Project*, Ambre Energy, <http://www.ambreenergy.com/morrow-pacific-project>

(<http://www.ambreenergy.com/morrow-pacific-project>) (last visited Oct. 10, 2014).

[iii] *See, e.g., Oregon Rejects Ambre Energy Coal Export Permit*, Oregon Business (Aug. 19, 2014), <http://www.oregonbusiness.com/must-reads/13526-oregon-rejects-ambre-energy-coal-export-permit> (<http://www.oregonbusiness.com/must-reads/13526-oregon-rejects-ambre-energy-coal-export-permit>); *State of Oregon Honors Tribal Treaty Rights*, Columbia River Inter-Tribal Fish Commission,

<http://www.critfc.org/press/state-oregon-honors-tribal-treaty-rights-rejects-permit-proposed-morrow-pacific-coal-terminal/>

(<http://www.critfc.org/press/state-oregon-honors-tribal-treaty-rights-rejects-permit-proposed-morrow-pacific-coal-terminal/>) (last visited Oct. 10, 2014).

[iv] *U.S. Coal Exports Fall on Lower European Demand*, U.S. Energy Information Administration (Oct. 3, 2014),

<http://www.eia.gov/todayinenergy/detail.cfm?id=18251> (<http://www.eia.gov/todayinenergy/detail.cfm?id=18251>).

[v] *See, Has shale gas really reduced US carbon emissions? The problem of coal exports*, The Energy Collective (Jan. 13, 2014),

<http://theenergycollective.com/robertwilson190/326781/fracking-and-illusion-fossil-fuel-cuts>

(<http://theenergycollective.com/robertwilson190/326781/fracking-and-illusion-fossil-fuel-cuts>).

[vi] Sam Dodson, *Oregon Rejects Wyoming's Appeal*, World Coal (Oct. 3, 2014), <http://www.worldcoal.com/news/ports-and-terminals/articles/Further-blow-for-Columbia-River-coal-export-terminal-1389.aspx#.VDvQ8KVvduY>

(<http://www.worldcoal.com/news/ports-and-terminals/articles/Further-blow-for-Columbia-River-coal-export-terminal-1389.aspx#.VDvQ8KVvduY>).

[vii] U.S Coal Exports Fall, <http://www.eia.gov> (<http://www.eia.gov>).

[viii] *Id.*

[ix] Sophie Vorrath, *China Coal Consumption Down 23%*, Renew Economy (Oct. 7, 2014), <http://reneweconomy.com.au/2014/china-coal-consumption-down-23-as-more-funds-dump-fossil-fuels-40314> (<http://reneweconomy.com.au/2014/china-coal-consumption-down-23-as-more-funds-dump-fossil-fuels-40314>).

[x] *Morrow Pacific Project*, <http://www.ambreenergy.com> (<http://www.ambreenergy.com>).

[xi] Ben Neary, *Wyoming Appeals Oregon's Denial of Coal Port*, Hood River News (Sept. 12, 2014), <http://www.hoodrivernews.com/news/2014/sep/13/wyoming-appeals-oregons-denial-coal-port/> (<http://www.hoodrivernews.com/news/2014/sep/13/wyoming-appeals-oregons-denial-coal-port/>).

[xii] Wendy Culverwell, *Oregon Rejects Ambre Coal Terminal Appeal*, Portland Business Journal (Oct. 2, 2014, 4:46 PM), <http://www.bizjournals.com/portland/blog/sbo/2014/10/oregon-rejects-ambre-coal-terminal-appeal.html> (<http://www.bizjournals.com/portland/blog/sbo/2014/10/oregon-rejects-ambre-coal-terminal-appeal.html>).

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